

109TH CONGRESS  
2D SESSION

# S. 3662

To amend the Credit Repair Organizations Act to establish a new disclosure statement, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 14, 2006

Mr. BENNETT (for himself and Mr. JOHNSON) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend the Credit Repair Organizations Act to establish a new disclosure statement, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Credit Monitoring En-  
5       hancement Act of 2006”.

6       **SEC. 2. CLARIFICATION RELATING TO CREDIT MONI-**  
7       **TORING.**

8       (a) IN GENERAL.—Section 403 of the Credit Repair  
9       Organizations Act (15 U.S.C. 1679a) is amended—

1           (1) by striking “For purposes of this title” and  
 2           inserting “(a) IN GENERAL.—For purposes of this  
 3           title”; and

4           (2) by adding at the end the following new sub-  
 5           section:

6           “(b) CLARIFICATION WITH RESPECT TO CERTAIN  
 7 CREDIT MONITORING SERVICES UNDER CERTAIN CIR-  
 8 CUMSTANCES.—

9           “(1) IN GENERAL.—Subject to paragraph (2)  
 10          the following shall not be treated as activities de-  
 11          scribed in clause (i) of subsection (a)(3)(A):

12                 “(A) The provision of, or provision of ac-  
 13                 cess to, credit reports, credit monitoring notifi-  
 14                 cations, credit scores and scoring algorithms,  
 15                 and other credit score-related tools to a con-  
 16                 sumer (including generation of projections and  
 17                 forecasts potential credit scores of such con-  
 18                 sumer under various prospective trends or hy-  
 19                 pothetical or alternative scenarios).

20                 “(B) Any analysis, evaluation, and expla-  
 21                 nation of such actual or hypothetical credit  
 22                 scores, or any similar projections, forecasts,  
 23                 analyses, evaluations or explanations.

24                 “(C) In conjunction with offering any of  
 25                 the services described in subparagraph (A) or

1 (B), the provision of materials or services to as-  
2 sist a consumer who is a victim of identity  
3 theft.

4 “(2) CONDITIONS FOR APPLICATION OF PARA-  
5 GRAPH (1).—Paragraph (1) shall apply with respect  
6 to any person engaging in any activity described in  
7 such paragraph only if—

8 “(A) the person does not represent, ex-  
9 pressly or by implication, that such person—

10 “(i) will or can modify or remove, or  
11 assist the consumer in modifying or remov-  
12 ing, adverse information that is accurate  
13 and not obsolete in the credit report of the  
14 consumer; or

15 “(ii) will or can alter, or assist the  
16 consumer in altering, the identification of  
17 the consumer to prevent the display of the  
18 credit record, history, or rating of the con-  
19 sumer for the purpose of concealing ad-  
20 verse information that is accurate and not  
21 obsolete;

22 “(B) in any case in which the person rep-  
23 resents, expressly or by implication, that the  
24 person will or can modify or remove, or assist  
25 the consumer in modifying or removing, any in-

1           formation in the credit report of the consumer,  
2           except for a representation with respect to any  
3           requirement imposed on the person under sec-  
4           tion 611 or 623(b) of the Fair Credit Reporting  
5           Act, the person discloses, clearly and conspicu-  
6           ously, before the consumer pays or agrees to  
7           pay any money or other valuable consideration  
8           to such person, whichever occurs first, the fol-  
9           lowing statement:

10                   “‘NOTICE: Neither you nor anyone  
11                   else has the right to have accurate and  
12                   current information removed from your  
13                   credit report. If information in your report  
14                   is inaccurate, you have the right to dispute  
15                   it by contacting the credit bureau di-  
16                   rectly.’;

17                   “(C) the person provides the consumer in  
18           writing with the following statement before any  
19           contract or agreement between the consumer  
20           and the person is executed:

21                   “‘Your Rights Concerning Your Con-  
22                   sumer Credit File:

23                   “‘You have a right to obtain a free  
24                   copy of your credit report once every 12  
25                   months from each of the nationwide con-

sumer reporting agencies. To request your free annual credit report, you may go to [www.annualcreditreport.com](http://www.annualcreditreport.com), or call 877-322-8228, or complete the Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You can obtain additional copies of your credit report from a credit bureau, for which you may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

1           “‘You have the right to cancel your  
2           contract with a credit monitoring service  
3           without fee or penalty at any time, and in  
4           the case in which you have prepaid for a  
5           credit monitoring service, you are entitled  
6           to a pro rata refund for the remaining  
7           term of the credit monitoring service.

8           “‘The Federal Trade Commission  
9           regulates credit bureaus and credit moni-  
10          toring services. For more information con-  
11          tact:

12           “‘Federal Trade Commission

13           “‘Washington, D.C. 20580

14           “‘1-877-FTC-HELP

15           “‘www.ftc.gov.’; and

16          “(D) in any case in which the person offers  
17          a subscription to a credit file monitoring pro-  
18          gram to a consumer, the consumer may cancel  
19          the subscription at any time upon written notice  
20          to the person without penalty or fee for such  
21          cancellation and, in any case in which the con-  
22          sumer is billed for the subscription on other  
23          than a monthly basis, within 60 days of receipt  
24          of the notice of cancellation by the consumer,  
25          the person shall make a pro rata refund to the

1 consumer of a subscription fee prepaid by the  
2 consumer, calculated from the date that the  
3 person receives the notice of cancellation from  
4 the consumer until the end of the subscription  
5 period.”.

6 (b) CLARIFICATION OF NONEXEMPT STATUS.—Sec-  
7 tion 403(a) of the Credit Repair Organizations Act (15  
8 U.S.C. 1679a) (as so redesignated by subsection (a)) is  
9 amended, in paragraph (3)(B)(i), by inserting “and is not  
10 for its own profit or for that of its members” before the  
11 semicolon at the end.

12 (c) REVISION OF DISCLOSURE REQUIREMENT.—Sec-  
13 tion 405(a) of the Credit Repair Organizations Act (15  
14 U.S.C. 1679c) is amended by striking everything after the  
15 heading of the disclosure statement contained in such sec-  
16 tion and inserting the following new text of the disclosure  
17 statement:

18 “‘You have a right to dispute inaccurate infor-  
19 mation in your credit report by contacting the credit  
20 bureau directly. However, neither you nor any ‘cred-  
21 it repair’ company or credit repair organization has  
22 the right to have accurate, current, and verifiable in-  
23 formation removed from your credit report. The  
24 credit bureau must remove accurate, negative infor-  
25 mation from your report only if it is over 7 years

1 old. Bankruptcy information can be reported for 10  
2 years.

3 “You have a right to obtain a free copy of  
4 your credit report once every 12 months from each  
5 of the nationwide consumer reporting agencies. To  
6 request your free annual credit report, you may go  
7 to [www.annualcreditreport.com](http://www.annualcreditreport.com), or call 877-322-  
8 8228, or complete the Annual Credit Report Request  
9 Form and mail it to: Annual Credit Report Request  
10 Service, P.O. Box 105281, Atlanta, GA 30348-  
11 5281. You can obtain additional copies of your cred-  
12 it report from a credit bureau, for which you may  
13 be charged a reasonable fee. There is no fee, how-  
14 ever, if you have been turned down for credit, em-  
15 ployment, insurance, or a rental dwelling because of  
16 information in your credit report within the pre-  
17 ceding 60 days. The credit bureau must provide  
18 someone to help you interpret the information in  
19 your credit file. You are entitled to receive a free  
20 copy of your credit report if you are unemployed and  
21 intend to apply for employment in the next 60 days,  
22 if you are a recipient of public welfare assistance, or  
23 if you have reason to believe that there is inaccurate  
24 information in your credit report due to fraud.



1           “‘You have a right to sue a credit repair orga-  
2           nization that violates the Credit Repair Organization  
3           Act. This law prohibits deceptive practices by credit  
4           repair organizations.

5           “‘You have the right to cancel your contract  
6           with any credit repair organization for any reason  
7           within 3 business days from the date you signed it.

8           “‘Credit bureaus are required to follow reason-  
9           able procedures to ensure that the information they  
10          report is accurate. However, mistakes may occur.

11          “‘You may, on your own, notify a credit bureau  
12          in writing that you dispute the accuracy of informa-  
13          tion in your credit file. The credit bureau must then  
14          reinvestigate and modify or remove inaccurate or in-  
15          complete information. The credit bureau may not  
16          charge any fee for this service. Any pertinent infor-  
17          mation and copies of all documents you have con-  
18          cerning an error should be given to the credit bu-  
19          reau.

20          “‘If the credit bureau’s reinvestigation does not  
21          resolve the dispute to your satisfaction, you may  
22          send a brief statement to the credit bureau, to be  
23          kept in your file, explaining why you think the  
24          record is inaccurate. The credit bureau must include

1 a summary of your statement about disputed infor-  
2 mation with any report it issues about you.

3 “The Federal Trade Commission regulates  
4 credit bureaus and credit repair organizations. For  
5 more information contact:

6 “Federal Trade Commission

7 “Washington, D.C. 20580

8 “1-877-FTC-HELP

9 “(877-382-4357)

10 “www.ftc.gov.’”.

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